

Message Text

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ACTION EUR-25

INFO OCT-01 ISO-00 SCEM-02 TRSE-00 EB-11 COME-00 CIAE-00

INR-10 NSAE-00 RSC-01 DRC-01 INT-08 OMB-01 SCI-06 L-03

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R 042147Z SEP 73

FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC 1658

C O N F I D E N T I A L OTTAWA 2104

E.O. 11652: GDS

TAGS: ENRG, SENV, CA, US

SUBJECT: ST. LAWRENCE PIPELINE PROJECT

REF: DEPT'S A-6575, AUGUST 1, 1973

1. EMBOFF INFORMALLY DISCUSSED NEPCO ENERGY CORPORATION PROPOSAL WITH EXTAFF OFFICIALS (TRANSPORT, COMMUNICATIONS AND ENERGY DIVISION AND USA DIVISION) ON AUGUST 31. THEY SAID THEY HAD HEARD OF PROJECT ONLY AS VAGUE RUMOR AND HAD NOT REPEAT NOT BEEN APPROACHED BY NEPCO.

2. BECAUSE OF SENSITIVITY HERE ON ENERGY QUESTIONS, EMBOFF OUTLINED NEPCO PROPOSAL ONLY IN MOST GENERAL TERMS AND PROVIDED NO DETAILS. HOWEVER, EXTAFF OFFICIALS REQUESTED SPECIFICS IN GREATEST DETAIL POSSIBLE, INCLUDING ANSWERS TO SUCH QUESTIONS AS FOLLOW:

(A) PROJECT TIME-FRAME AND INFO WHETHER COMPLETION DATE HAS ANY CONNECTION WITH NEPCO'S CONTRACT FOR SUPPLYING A THERMAL GENERATING PLANT IN OSWEGO IN 1975. IF SO, THIS WOULD IMPOSE, IN THEIR OPINION, AN ALMOST UNBELIEVABLE TIME-TABLE ON THE PROJECT.

(B) COMPLETE DETAILS ON DEEP-WATER PORT FACILITIES: LOCATION, TYPE AND SIZE OF VESSELS TO BE SERVED, ETC.

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(C) PIPELINE: ROUTE, SIZE, VOLUME, ETC.

(D) SOURCE OF OIL IMPORTS AND VOLUME, IF ANY, AVAILABLE FOR MONTREAL AND CANADA, AND FOR U.S., ETC.

(E) FINANCING: SOURCES, PARTNERS, ETC. FOR EXAMPLE, WHO WOULD PAY FOR DEEP-WATER PORT?

(F) WHAT CONTACTS HAS COMPANY MADE WITH CANADIAN GOVERNMENT AGENCIES, FEDERAL AND PROVINCIAL?

3. EXTAFF OFFICIALS STATED THAT GIVEN OBVIOUS SIZE OF PROJECT AND POLITICAL AND POLICY IMPLICATIONS AND RAMIFICATIONS, THIS WAS A MATTER WHICH WOULD EARLY ENGAGE OUR TWO GOVERNMENTS AT HIGHEST LEVELS. UNFORTUNATELY, THEY SAID, GOC DOES NOT REPEAT NOT YET HAVE OVER-ALL PROCEDURAL AND POLICY GUIDELINES TO COVER SITUATION, ALTHOUGH GUIDELINES ON DEEP-WATER PORTS, FOR INSTANCE, ARE BEING FORMULATED AND WILL HOPEFULLY COME OUT WITHIN A FEW MONTHS. IN SUCH A PROJECT, THERE IS ALSO THE COMPLEX MATTER OF FEDERAL/PROVINCIAL RELATIONS AND JURISDICTIONAL PROBLEMS AND EVEN COMPETITIVE ASPECTS BETWEEN PROVINCES WHICH WOULD HAVE TO BE CONSIDERED.

4. IN CONCLUSION, EXTAFF OFFICIALS SAID THAT ONCE NEPCO PROPOSAL WAS FULLY LAID OUT, THEN AND ONLY THEN COULD THE NECESSARY INTERDEPARTMENTAL EXERCISE BEGIN, A PROCESS INVOLVING EXTAFF, TRANSPORT MINISTRY, FINANCE DEPARTMENT, NATIONAL ENERGY BOARD (NEB), ENVIRONMENT DEPARTMENT, ENERGY, MINES AND RESOURCES, PUBLIC WORKS, ETC., AT THE FEDERAL LEVEL.

5. EXTAFF CITED ONE WAY TO BEGIN PROCESS WOULD BE FOR NEPCO TO APPLY TO NEB FOR PIPELINE PERMIT AS NEB WOULD HAVE TO CONSIDER TECHNICAL ASPECTS AS WELL AS CANADIAN POLICY.

6. ACTION REQUESTED: IN VIEW OF EXTAFF'S LACK OF KNOWLEDGE OF NEPCO PROJECT AND CANADIAN SENSITIVITY, PARTICULARLY AT THIS TIME, ON ANY ENERGY QUESTIONS INVOLVING U.S., EMBASSY WOULD APPRECIATE INFO ON WHOM NEPCO HAS APPROACHED IN GOC BEFORE EMBASSY MAKES INQUIRIES TO ANY OTHER GOC OFFICIALS AND AGENCIES. AT SAME TIME, EMBASSY WOULD LIKE AUTHORIZATION TO PROVIDE AUTHORITIES (INCLUDING EXTAFF) WITH NEPCO PROJECT SUMMARY (ENCLOSED WITH REFAIR) AS WELL AS ANSWERS TO PARA 2 QUESTIONS TO EXTENT THEY UNANSWERED IN SUMMARY, AND ANY OTHER PERTINENT MATERIAL AVAILABLE.

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